

ORIGINAL

OPEN MEETING AGENDA ITEM



0000148891

October 14, 2013

RECEIVED

URGENT

Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, AZ 85007

2013 OCT 15 A 8:23

AZ CORP COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

OCT 15 2013

RE: DOCKET NOS: W-03514A-13-0111 and W-03514A-13-0142

Dear Commissioners:

DOCKETED BY	
-------------	--

This is my final appeal before you make a decision regarding the Phase 1 portion of this case. I am pleading with you to carefully consider the lives of the people who will be affected by your decision. Please show empathy to us - the people who will be impacted - in these 8 small communities serviced by Payson Water Company (PWC).

When I think about the things that are important in my everyday life, in the past I have rarely thought of water. Yet it is, of course. It is essential to life and health and for most of us, it is delivered at a reasonable cost, so very little thought is given to it. But when water is threatened by a Company asking to impose extremely high costs on their customers, under the guise of solving a problem, yet without due consideration given to ALL the options available to solve that problem, I recognize that something is amiss. You should recognize that too.

The first red flag was raised when I received my first notice of the 09/25/13 financing hearing, only 5 days in advance. I wondered what this was all about, so I went to the internet to research. Although I had never previously heard of the water problems in Mesa del Caballo (MdC), I read article after article about the water problems plaguing them over these past 4 years and the alleged misdeeds of Robert Hardcastle. The seasonal water shortages in that community seem to have started in 2009. Attached to this letter is a letter written by Robert Hardcastle to the Town of Payson (TOP) in April 2008 expressing his interest in receiving water from the Town of Payson's planned pipeline from the CC Cragin Reservoir. This was written a full 13 months prior to the summer 2009 season, when the first water deficiencies began in MdC. It's peculiar, I think, that Robert Hardcastle would have wanted access to the Cragin pipeline water for a problem that had not yet presented itself in MdC. So I assume his interest in the Cragin water was for other purposes (whatever they may be).

Also attached to this letter is another letter written by Robert Hardcastle to the TOP in February 2010, acknowledging that he began discussions with them about receiving supplemental potable water for MdC beginning in October 2009. This confirms the timeline to show when the water shortages began.

On September 28, 2010, the Arizona Corporation Commission (ACC), in Decision 71902, approved an emergency water augmentation surcharge tariff for its Mesa del Caballo system to cover the costs of

water hauling. In that Opinion and Order, it is noted that in 2009, the Company absorbed \$59,137 in water hauling costs for the MdC system (see Decision 71902, Page 1, lines 27-28).

This cost raised another "red flag" for me. If the costs of water hauling in 2009 were \$59,137 for one summer season, you would expect them to remain similar during consecutive summer seasons, yet in Robert Hardcastle's letter of 02/04/10, he says they need "as much as 86,400 potable gallons daily between May 1 and October 1". If you do the math, that would be a maximum of 2,592,000 gallons per month and if charged at the current going rate of \$2.75/1,000 gallons, equals \$7,128.00/month, which comes to approximately \$35,640 for the 5 summer months. That would mean that an additional \$23,497 was spent for the actual truck hauling aspect, I presume (\$59,137 total cost - \$35,640 water purchased = \$23,497 water hauling charges). By comparison, in 2012 (the test year for the permanent rate hike), they reported the purchase of 589,000 gallons from TOP at a cost of \$2.75/1,000 gallons, which is only \$1,619.75 for the entire 5 month period of the summer season, (and another 3,404,580 gallons from water-sharing agreements (at an undisclosed cost). At any rate, the amount of purchased water (as disclosed in the original filing document of 04/22/13 page 146/279, Exhibit Schedule C-1 Page 2.2) is reported to be \$51,953 for 2012. As described above, most of this is via water-sharing agreements, only a small portion is actually purchased from Town of Payson.

At any rate, the actual costs calculated for the example of 2009 water hauling charges appears to be approximately \$24,000/summer for the water hauling itself. Even if we use that number to calculate a "worst case scenario", that X 2 seasons is approximately \$50,000, which is far less than the \$275,000 being proposed be spent for the temporary 2-year pipeline connection.

Furthermore, in ACC Decision Number 71902 (Page 8, lines 20-22), it is noted that "the Company has looked into the drilling of a well, but it does not yet have an understanding of the costs involved and what it would require from the Company in the form of an investment and what it would ultimately cost customers". More than 3 years later, I want the Commission to ask whether the Company may NOW have an understanding of those costs, as I do. A simple phone call with a licensed well driller will answer alot. It is a fact that well-drilling would be a much less expensive proposal to bring more water to MdC on a permanent basis than the \$1,238,000 hookup to the Cragin pipeline. Pennies on the dollar, in fact.

As to PWC's claims that it is "risky", that may be the case, but please note that private well owners have taken that risk and dug wells in the last year or so in MdC and at least 3 of those wells are producing water. You could drill quite a few number of wells at \$10,000 a piece before you'd get anywhere near the cost of \$275,000 for a temporary pipeline connection. Please see the attached registry application information for Randall Cook (pump capacity 15 gpm), Wesley Cook (pump capacity 12 gpm) and Frank Kemp (pump capacity 5 gpm) who have successfully added water wells recently. Their telephone numbers are listed on these documents - it seems easy enough to call to verify. Drilling wells is a relatively inexpensive proposition (as compared to building pipelines). This well drilling option should be under consideration, if a just and reasonable outcome is to be achieved for the ratepayers of PWC, as required by law under ARS § 40-361.

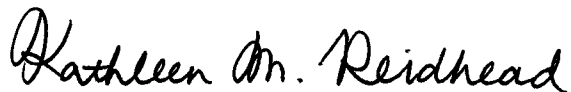
As noted in Decision No. 71902, (pages 9 line 28 and page 10 lines 1-2) Mr. Marlin Scott, a Staff Engineer for ACC, states that "the MdC System's 105,000 gallons of storage capacity is sufficient to serve only 305 connections, and this factor, coupled with the poor water production of the nine wells on the system, create the Company's water shortages on the MdC system". Currently, MdC is serving 363 customers, more than 3 years after Mr. Scott's testimony that the system was not sufficient to support that level of usage. Why has no order been issued to PWC to add additional water storage tanks in MdC? It seems reasonable to conclude that "banking water" for summer use would resolve some of the seasonal problems.

I refer you to Decision No. 68696, dated May 5, 2006, page 12, lines 18-23 and ask that PWC be ordered to do a system monitoring exercise for MdC system, similar to the one ordered for the Geronimo system back in 2006. Please take the time to properly evaluate the well pumping data for the MdC system and require evaluation of additional well-drilling options and water storage tanks be included in the analysis of a solution to MdC's problems. I'd also like the Commission to order PWC to investigate additional water-sharing agreements from private well owners be included in the options available.

Thank you for consideration of the facts in this matter and please keep the people in mind when rendering your decision. So many will be hard hit if this pipeline project is approved. I only ask that we be treated fairly.

Thank you.

Sincerely,



Kathleen M. Reidhead  
14406 S. Cholla Canyon Dr. (Mailing Address)  
Phoenix, AZ 85044

REFERENCE: Deer Creek Village - Lot 86  
198 S. Four Peaks Rd.  
Payson, AZ 85541

**Brooke Utilities, Inc.**

P. O. Box 82218 • Bakersfield, California 93380-2218

ROBERT T. HARDCASTLE  
(661) 633-7526  
Fax (781) 823-3070  
RTH@brookseutilities.com

February 4, 2010

Buzz Walker  
Town of Payson Water Department  
303 No. Beeline Hwy.  
Payson, AZ 85541

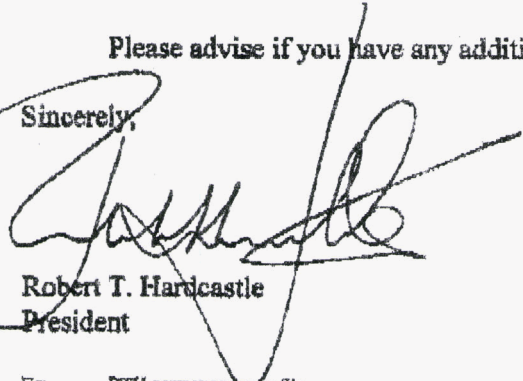
Re: Supplemental Water Supply

Dear Buzz,

As you know we have had several discussions concerning our Payson Water Co. ("PYWCo") receiving supplemental potable water from the Town of Payson for our Mesa del Caballo water system dating back to October 2009. PYWCo actually needs as much as 86,400 potable gallons daily between the dates May 1 and October 1 annually to meet the seasonal demand of its customers. We understand the Town has proposed a fire hydrant delivery point located approximately 1000 feet east of State Route 87 at the Houston Mesa Horse Camp. The purpose of this letter is to formalize this supplemental potable water request for the purpose described herein.

Please advise if you have any additional questions.

Sincerely,



Robert T. Hardcastle  
President

Ec: RTH correspondence file  
MB  
M&C Water Committee file

Brooke Water L.L.C. Circle City Water Co., L.L.C. Strawberry Water Co., Inc. Pine Water Co., Inc.  
Payson Water Co., Inc. Navajo Water Co., Inc. Torito Basin Water Co., Inc.

**Brooke Utilities, Inc.**

P. O. Box 82218 • Bakersfield, California 93380-2218  
Customer Call Center • P.O. Box 9005 • San Dimas, California 91773-9016 • (800) 270-6084



ROBERT T. HARDCASTLE  
(661) 633-7526  
Fax (781) 823-3070  
RTH@brookeutilities.com

April 7, 2008

VIA ELECTRONIC MAIL  
AND REGULAR U.S. MAIL

Buzz Walker  
Town of Payson  
303 North Beeline Highway  
Payson, AZ 85541

2 copies @ 50¢ = \$1.00

Re: Supplemental water Supplies from C.C. Cragin Reservoir

Dear Buzz,

Thank you for your meeting time recently with myself and Ms. Brogdon on April 2 to discuss participating in supplemental water supplies for our various Payson Water Co. water systems from the Town of Payson's planned pipeline from the C.C. Cragin Reservoir.

Without reservation I can assure you that Brooke Utilities, Inc. and our various water company subsidiaries are interested in discussing our participation in the pipeline water supply project at an appropriate future date. Please keep us advised of your progress in this matter including any exploratory meetings that may be scheduled.

Thanks, as always, for your cooperation.

Sincerely,

Robert T. Hardcastle  
President

cc: RTH correspondence file  
Jay Shapiro, Rep.  
MS

Brooks Water L.L.C. Circle City Water Co. L.L.C. Strawberry Water Co., Inc. Pine Water Co., Inc.  
Payson Water Co., Inc. Navajo Water Co., Inc. Tonto Basin Water Co., Inc.

# Pump capacity 15 gpm



ARIZONA DEPARTMENT OF WATER RESOURCES  
Information Management Unit  
P.O. Box 36020, Phoenix, Arizona 85067-3589  
(602) 771-8527 • (800) 352-8488  
www.water.az.gov

## Pump Installation Completion Report

- Review instructions prior to completing form
- The registered well owner should file this report with the Department within 30 days following installation of pump equipment
- \*\* PLEASE PRINT CLEARLY \*\***

**RECEIVED**  
APR 03 2013

FILE NUMBER  
**A(11-10) 23 ADD**  
WELL REGISTRATION NUMBER  
**55-220768**

### SECTION 1. REGISTRY INFORMATION

#### Well Owner

FULL NAME OF COMPANY, ORGANIZATION OR INDIVIDUAL

RANDALL COOK

MAILING ADDRESS

8071 W. SEPIA ROAD

CITY / STATE / ZIP

PAYSON, AZ 85541

CONTACT PERSON NAME AND TITLE

TELEPHONE NUMBER

928-474-9640

FAX

ARIZONA DEPARTMENT  
OF WATER RESOURCES

WELL LOCATION ADDRESS (IF KNOWN)

8071 W. SEPIA ROAD

TOWNSHIP (N/S) | RANGE (E/W) | SECTION | 160 ACRE | 40 ACRE | 10 ACRE  
11N | 10E | 23 | NE 1/4 | SE 1/4 | SE 1/4

COUNTY ASSESSOR'S PARCEL ID NUMBER (MOST RECENT)

BOOK 302 | MAP 34 | PARCEL 003D

COUNTY WHERE WELL IS LOCATED

GILA

### SECTION 2. EQUIPMENT INSTALLED

DATE PUMP INSTALLED

9-4-12

#### Pump Type

CHECK ONE

- |                                      |   |
|--------------------------------------|---|
| <input type="checkbox"/> Air Lift    | <input type="checkbox"/> Rotary                 |
| <input type="checkbox"/> Bucket      | <input checked="" type="checkbox"/> Submersible |
| <input type="checkbox"/> Centrifugal | <input type="checkbox"/> Turbine                |
| <input type="checkbox"/> Jet         | <input type="checkbox"/> Other (please specify) |
| <input type="checkbox"/> Piston      |   |

RATED PUMP CAPACITY

15

Gallons Per Minute

#### Pitless Adaptor

CHECK ONE (SEE INSTRUCTIONS FOR DEFINITION)

Was a pitless adaptor installed? ☐ Yes ☒ No

IF YES, DEPTH BELOW GROUND LEVEL THE DEVICE WAS INSTALLED

Feet

#### Power Type

CHECK ONE

- |  |   |
|--|---|
| <input type="checkbox"/> Diesel Engine             | <input type="checkbox"/> Natural Gas            |
| <input checked="" type="checkbox"/> Electric Motor | <input type="checkbox"/> Windmill               |
| <input type="checkbox"/> Gasoline Engine           | <input type="checkbox"/> Other (please specify) |
| <input type="checkbox"/> Hand                      |   |

HORSE POWER RATING OF MOTOR

1.5

### SECTION 3. WELL TEST

#### Pump Test Data

DATE WELL TESTED

9/4/12

STATIC WATER LEVEL (A)

276

Feet Below Land Surface

PUMPING WATER LEVEL (B)

281

Feet Below Land Surface

DRAWDOWN [(B) - (A)]

2X 5

TEST PUMPING RATE

15

Gallons Per Minute

DURATION OF PUMP TEST (Minimum 4 Hours)

4 Hr.

Hours

TOTAL PUMPING LIFT

281

Feet

FOR FLOWING WELL, MEASURED SHUT IN HEAD

N/A

- ☐ FT  
☐ PSI

#### Method of Discharge Measurement

CHECK ONE

- ☐ Bailer  
☒ Bucket - Barrel - Stopwatch  
☐ Current  
☐ Estimated - Air Lift  
☐ Gauge  
☐ Meter  
☐ Orifice  
☐ Volume  
☐ Weir - Flume  
☐ Other (please specify)

#### Method of Measuring Water Level

CHECK ONE

- ☐ Air Line  
☒ Electric Measuring Line (Sonder)  
☐ Steel Tape  
☐ Other (please specify)

SYM

I HEREBY CERTIFY that the above statements are true to the best of my knowledge and belief according to A.R.S § 45-600(B)

SIGNATURE OF WELL OWNER

Randall Cook, Frances C Cook

DATE

9-4-12

Pump capacity 5 gpm 5/21/13  
sym/✓  
82w



Arizona Department of Water Resources  
Water Management Division  
P.O. Box 36020, Phoenix, AZ 85067-6020  
(602) 771-8627 • (602) 771-8690 fax

## Pump Installation Completion Report

- Review instructions prior to completing form in black or blue ink.
- The registered well owner should file this report with the Department within 30 days following installation of pump equipment.

FILE NUMBER  
A(11-10)23 DBB  
WELL REGISTRATION NUMBER  
55 - 221514

\*\* PLEASE PRINT CLEARLY \*\*

SECTION 1. REGISTRY INFORMATION	
<b>Well Owner</b>	<b>Location of Well</b>
FULL NAME OF COMPANY, ORGANIZATION, OR INDIVIDUAL Frank Kemp	WELL LOCATION ADDRESS (IF ANY) 7426 N. Toya Vista Rd.
MAILING ADDRESS 426 N. Toya Vista Rd.	TOWNSHIP (N/S) RANGE (E/W) SECTION 160 ACRE 40 ACRE 10 ACRE 11N 10E 23 SE ¼ NW ¼ NW ¼
CITY/STATE/ZIP CODE Payson, AZ 85541	COUNTY ASSESSOR'S PARCEL ID NUMBER (MOST RECENT) BOOK 302 MAP 34 PARCEL 383
CONTACT PERSON NAME AND TITLE Frank Kemp/ Owner	COUNTY WHERE WELL IS LOCATED Gila
TELEPHONE NUMBER 928-587-5266	FAX

SECTION 2. EQUIPMENT INSTALLED	
DATE PUMP INSTALLED 3/18/13	<b>Pitless Adaptor</b> CHECK ONE (SEE INSTRUCTIONS FOR DEFINITION) Was a pitless adaptor installed? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No IF YES, DEPTH BELOW GROUND LEVEL THE DEVICE WAS INSTALLED _____ Feet
<b>Pump Type</b> CHECK ONE <input type="checkbox"/> Air Lift <input type="checkbox"/> Rotary <input type="checkbox"/> Bucket <input checked="" type="checkbox"/> Submersible <input type="checkbox"/> Centrifugal <input type="checkbox"/> Turbine <input type="checkbox"/> Jet <input type="checkbox"/> Other (please specify): <input type="checkbox"/> Piston	<b>Power Type</b> CHECK ONE <input type="checkbox"/> Diesel Engine <input type="checkbox"/> Natural Gas <input checked="" type="checkbox"/> Electric Motor <input type="checkbox"/> Windmill <input type="checkbox"/> Gasoline Engine <input type="checkbox"/> Other (please specify): <input type="checkbox"/> Hand
RATED PUMP CAPACITY 5 Gallons Per Minute	HORSE POWER RATING OF MOTOR 3/4

SECTION 3. PUMP TEST		
Pump Test Data	Method of Discharge Measurement	Method of Measuring Water Level
DATE WELL TESTED 3/18/13	CHECK ONE <input type="checkbox"/> Bailor <input checked="" type="checkbox"/> Bucket - Barrel - Stopwatch <input type="checkbox"/> Current <input type="checkbox"/> Estimated - Air Lift <input type="checkbox"/> Gauge <input type="checkbox"/> Meter <input type="checkbox"/> Orifice <input type="checkbox"/> Volume <input type="checkbox"/> Weir - Flume <input type="checkbox"/> Other (please specify):	CHECK ONE <input type="checkbox"/> Air Line <input checked="" type="checkbox"/> Electric Measuring Line (Sonder) <input type="checkbox"/> Steel Tape <input type="checkbox"/> Other (please specify):
STATIC WATER LEVEL (A) 236 Feet Below Land Surface		
PUMPING WATER LEVEL (B) 373 Feet Below Land Surface		
DRAWDOWN [(B) - (A)] 137 Feet Below Land Surface		
TEST PUMPING RATE 5 Gallons Per Minute		
DURATION OF PUMP TEST (Minimum 4 Hours) 4 Hours		
TOTAL PUMPING LIFT 373 Feet		
FOR FLOWING WELL <input type="checkbox"/> FT MEASURED SHUT IN HEAD <input type="checkbox"/> PSI		

I HEREBY CERTIFY that the above statements are true to the best of my knowledge and belief according to A.R.S. § 45-600(B).

SIGNATURE OF WELL OWNER  
Frank Kemp

DATE  
5/28/13



ARIZONA DEPARTMENT OF WATER RESOURCES  
Information Management Unit  
P.O. Box 36020, Phoenix, Arizona 85067-3589  
(602) 771-8527 \* (800) 352-8488  
www.water.az.gov

Pump capacity 12 gpm

## Pump Installation Completion Report

- \* Review instructions prior to completing form
- \* The registered well owner should file this report with the Department within 30 days following installation of pump equipment
- \*\* PLEASE PRINT CLEARLY \*\*

RECEIVED

APR 04 2013

FILE NUMBER

A(11-10)23 ADD

WELL REGISTRATION NUMBER

55-220767

### SECTION 1. REGISTRY INFORMATION

ARIZONA DEPARTMENT OF WATER RESOURCES

#### Well Owner

FULL NAME OF COMPANY, ORGANIZATION OR INDIVIDUAL

WESLEY COOK

MAILING ADDRESS

8058 W. HALLWAY DR.

CITY / STATE / ZIP

PAYSON, AZ 85541

CONTACT PERSON NAME AND TITLE

TELEPHONE NUMBER

928-474-7805

FAX

#### Location of Well

WELL LOCATION ADDRESS (IF KNOWN)

8058 W. HALLWAY DR.

TOWNSHIP (N/S)

11N

RANGE (E/W)

10E

SECTION

23

160 ACRE

NE 1/4

40 ACRE

SE 1/4

10 ACRE

SE 1/4

COUNTY ASSESSOR'S PARCEL ID NUMBER (MOST RECENT)

BOOK

302

MAP

34

PARCEL

005A

COUNTY WHERE WELL IS LOCATED

GILA

### SECTION 2. EQUIPMENT INSTALLED

DATE PUMP INSTALLED

9/10/12

#### Pump Type

CHECK ONE

☐ Air Lift

☐ Bucket

☐ Centrifugal

☐ Jet

☐ Piston

☐ Rotary

☒ Submersible

☐ Turbine

☐ Other (please specify)

#### Pitless Adaptor

CHECK ONE (SEE INSTRUCTIONS FOR DEFINITION)

Was a pitless adaptor installed?

☒ Yes

☐ No

IF YES, DEPTH BELOW GROUND LEVEL THE DEVICE WAS INSTALLED

2

Feet

#### Power Type

CHECK ONE

☐ Diesel Engine

☒ Electric Motor

☐ Gasoline Engine

☐ Hand

☐ Natural Gas

☐ Windmill

☐ Other (please specify)

RATED PUMP CAPACITY

12

Gallons Per Minute

HORSE POWER RATING OF MOTOR

1

### SECTION 3. WELL TEST

#### Pump Test Data

DATE WELL TESTED

9/10/12

STATIC WATER LEVEL (A)

234

Feet Below Land Surface

PUMPING WATER LEVEL (B)

256

Feet Below Land Surface

DRAWDOWN [ (B) - (A) ]

22

TEST PUMPING RATE

12

Gallons Per Minute

DURATION OF PUMP TEST (Minimum 4 Hours)

4

Hours

TOTAL PUMPING LIFT

256

Feet

FOR FLOWING WELL, MEASURED SHUT IN HEAD

N/A

☐ FT

☐ PSI

#### Method of Discharge Measurement

CHECK ONE

☐ Bailer

☒ Bucket - Barrel - Stopwatch

☐ Current

☐ Estimated - Air Lift

☐ Gauge

☐ Meter

☐ Orifice

☐ Volume

☐ Weir - Flume

☐ Other (please specify)

#### Method of Measuring Water Level

CHECK ONE

☐ Air Line

☒ Electric Measuring Line (Sounder)

☐ Steel Tape

☐ Other (please specify)

SYM

I HEREBY CERTIFY that the above statements are true to the best of my knowledge and belief according to A.R.S § 45-600(B)

SIGNATURE OF WELL OWNER

Wesley Cook

DATE

9/10/12



Payson Water Company  
Test Year Ended December 31, 2012  
Income Statement

Exhibit  
Schedule C-1  
Page 2.2  
Witness: Bourassa

Line No.	Revenues	6 MDC Water Augmentation Surcharge Adjustments	7 Remove Other Inc./Exp.	8 Intentionally Left Blank	9 Income Taxes	Test Year Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	Revenues							
2	Metered Water Revenues	(37,297)				\$ 313,559	\$ 399,785	\$ 713,344
3	Unmetered Water Revenues							
4	Other Water Revenues							
5						6,966		6,966
6	Operating Expenses					\$ 320,525	\$ 399,785	\$ 720,310
7	Salaries and Wages							
8	Purchased Water	(51,953)				\$ 55,097		\$ 55,097
9	Purchased Power							
10	Fuel For Power Production					50,533		50,533
11	Chemicals							
12	Repairs and Maintenance					2,181		2,181
13	Office Supplies and Expense					28,089		28,089
14	Contractual Services							
15						58,481		58,481
16								
17								
18	Water Testing					11,000		11,000
19	Rents							
20	Transportation Expenses							
21	Insurance - General Liability							
22	Insurance - Health and Life					266		266
23	Reg. Comm. Exp. - Other							
24	Reg. Comm. Exp. - Rate Case					65,000		65,000
25	Miscellaneous Expense					235,253		235,253
26								
27	Depreciation and Amortization Expense					85,632		85,632
28	Taxes Other Than Income						8,743	29,773
29	Property Taxes					21,030	136,022	26,465
30	Income Tax				(109,557)	(109,557)		
31								
32	Total Operating Expenses	(51,953)				\$ 503,004	\$ 144,765	\$ 647,770
33	Operating Income	14,656				\$ (182,479)	\$ 255,020	\$ 72,540
34	Other Income (Expense)							
35	Interest Income							
36	Other Income		(610)					
37	Interest Expense		14					
38	Other Expense							
39	Gain(loss) on Disposal of Fixed Assets		(755,709)					
40	Total Other Income (Expense)		\$ (756,305)					
41	Net Profit (Loss)	14,656	\$ (756,305)		\$ 109,557	\$ (182,479)	\$ 255,020	\$ 72,540
42								
43								
44								
45								

SUPPORTING SCHEDULES:  
C-1, page 1